

a picture of "gloom and doom" is projected and the Committee is told that the future of this industry is dark indeed.

At the outset, the petitioners claim that both the color t.v. picture tube industry and the color t.v. receiving set industry have increased their respective productive capacities far in excess of their requirements. They blame this development on the fact that "sales of color television receiving sets have failed to increase at the rate which the industry in 1965 expected would be the case."¹⁵ Petitioners view the claimed excess capacity with alarm and use this as their principal basis for requesting the tariff increase on color t.v. picture tubes.

It is certainly true that to date in 1967 sales of color t.v. receiving sets have not kept pace with the expectations of most observers as these hopes were expressed in mid-1966. At that time, the industry was witnessing an unprecedented consumer demand for color receivers. Many set makers were unable to meet this demand and, because they believed that this demand would continue unabated, even increase, they took steps to increase their capacity to turn out color sets so as not to be caught short in 1967 and subsequent years.

But the failure of 1967 color t.v. set sales thus far to keep pace with the hopes of the industry is a far cry from proving that the industry is in a depressed state. Indeed, color t.v. receiver sales in Jan.-May, 1967 reached 1.7 million units valued at \$707,531,000¹⁶ a mathematical annual rate which matches 1966 sales of 4.7 million units.¹⁷ But this first-part 1967 performance was reached in a period when the U.S. economy as a whole was sluggish and when consumer spending was at a critical low-point.

The second-half of 1967 promises to see some significant reversal of the first-half for U.S. industry in general and U.S. color set producers in particular. Thus, a report in the *Weekly Television Digest* of July 24, 1967 reflects this turn-around:

"There's been some sales lift, fairly good pace of dealer ordering, but mid-summer color sales picture looks pretty much as you'd expect for any high-ticket home entertainment product. Manufacturers are still confident of good consumer buying beginning in Aug. or Sept.—but it hasn't started yet.

"Dealers are expressing confidence by beginning to stock for fall, but in relatively conservative manner. Good news came last week in distributor-to-dealer sales figures for holiday week ended July 7—up 26% from last year's same week (see State of the Industry). It was first increase over 1966 in 6 weeks.

"Business is pretty good but is isn't showing up in the numbers.' We've heard this again & again in last few weeks. Probable explanation is that industry sales figures for last 4 weeks have included fewer than normal RCA sets as result of strike which choked off production through July's first week.

"RCA is now in production, although it's officially in vacation period. Company encouraged employees to work through vacation, and quite a few chose to, according to RCA Sales Corp. Pres. B. S. Durant. He told us RCA has 'shortage of merchandise right now.' He reiterated forecast of good fall, saw 1967 sets being cleaned up in short order with '68-model prices holding firm. He even mentioned possibility of price increases later in model year if 'significant cost pressures' can't be designed out of sets.

"There were individual company reports of improved sales. Philco-Ford reported June was best single sales month in its history, for all consumer products, with color TV sales 238% ahead of June 1966, console phonos up 7%. Magnavox, too, said its June orders showed sharp upsurge, resulting in significantly higher mid-year backlog than in 1966 . . . "(Page 9).

In sum, this is far from a depressed industry. Its present performance is keeping pace with an unprecedented 1966 record (a development which no doubt is the envy of other industries producing consumer goods) and signs indicate that 1967 will be another record year.

Notwithstanding the facts to the contrary, the petitioners insist that the color t. v. set producing industry is in a poor state. To prove their point, the petitioners have chosen a number of news reports which they have paraphrased and which they offer to the Committee to support their claim. Thus, they submit the following capsulized comment on a news report concerning Owens-Illinois:

"Owens-Illinois, a major supplier of glass bulbs for color television picture tubes, reported on April 19, 1967, a 36.6% drop in earnings, and said

¹⁵ Petition, p. 6.

¹⁶ *Electronic Trends*, May, 1967, p. 6.

¹⁷ *Electronic Industries Yearbook*, 1967, p. 11.